

Message Text

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ORIGIN OPIC-06

INFO OCT-01 AF-08 ISO-00 EB-07 ERDA-05 AID-05 CEA-01
CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07
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----- 113652 /72-60

R 131905Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY NDJAMENA

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FROM OPIC

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: CONOCO MINI-REFINERY

REF: NDJAMENA A-45

1. OPIC HAS HAD SERIES OF MEETINGS WITH CONOCO REPS
SINCE EARLY 1976 TO DISCUSS FINANCING FOR PROJECT. EARLY
MEETINGS OCCURRED BEFORE FEASIBILITY STUDY COMPLETED AND
THEREFORE GENERAL IN NATURE. IN LATEST MEETING ON NOVEM-
BER 29, PROJECT DETAILS AND OPIC TERMS DISCUSSED AT LENGTH.
DECISION TO FORMALLY APPLY FOR OPIC FINANCING EXPECTED TO
BE MADE NEXT WEEK BY CONOCO AFTER CONSULTING WITH OTHER
CONSORTIUM MEMBERS.

2. TOTAL PROJECT COSTS ESTIMATED AT SEVEN MILLION DOLLARS.
SEPARATE COMPANY TO BE FORMED TO CARRY OUT PROJECT WITH
MAJORITY OF EQUITY TO BE HELD BY OIL CONSORTIUM MEMBERS AND
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INITIALLY SMALL MINORITY SHARE TO BE HELD BY GOC. SHELL

OIL WOULD PROVIDE OPERATING MANAGEMENT FOR PROJECT COMPANY.
OPIC WOULD CONSIDER LENDING UP TO THREE MILLION DOLLARS TO
PROJECT WITH MATURITY IN SIX ONE-HALF YEARS.

3. CRUDE WOULD BE PURCHASED FROM THE CONSORTIUM AND
SHIPPED FROM THE WELL-HEAD AT SEDIGI VIA PIPELINE, BARGE
AND TRUCK TO REFINERY AT NDJAMENA. REFINED PRODUCTS WOULD
INCLUDE REGULAR GASOLINE, GAS OIL AND RESIDUAL FUEL. GASO-
LINE AND GAS OIL WOULD BE SOLD TO PETROLEUM MARKETERS IN
CHAD WHILE RESIDUAL FUEL WOULD BE SOLD DIRECTLY TO END
USERS IN THE NDJAMENA AREA.

4. OPIC HAS SENT A LIST OF QUESTIONS ON THE PROJECT TO
CONOCO TO BE ANSWERED IN THEIR FORMAL LOAN APPLICATION.
MOST IMPORTANT QUESTIONS CONCERN (A) THE ANTICIPATED
ARRANGEMENTS FOR CONSTRUCTION, OWNERSHIP AND OPERATION OF

BARGES TO TRANSPORT CRUDE ACROSS LAKE CHAD AND (B) PLANS TO
CONVERT THE LOCAL ELECTRICITY COMPANY (STEE) FROM GAS
OIL TO RESIDUAL FUEL USE THEREBY PROVIDING A DEMAND FOR
REFINERY'S PRODUCTION OF RESIDUAL FUEL.

5. OPIC WILL KEEP EMBASSY ADVISED OF DEVELOPMENTS. DECON-
TROL FOLLOWING 12/10/77. KISSINGER

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